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DCI/NIO Meeting

NIO/EA
6 August 1985SINGAPORE - SLOWDOWN IN ECONOMIC GROWTH: IMPLICATIONS

The slowdown in economic growth in Singapore, brought on in large part by turbulence in the US computer industry and completion of many expansion/building programs in Singapore, will lead to reduced influence for the island nation and its leader Lee Kuan Yu. While the slackening of the growth rate does not mean economic hardship, it probably will impact on Singapore's role in ASEAN and, to a lesser degree, on its bilateral relations with countries from which guest members now are recruited. The most important impact will probably be on Singapore's role in security matters in the area. Singapore has long been in the forefront of ASEAN's Cambodian strategy and has tried, not always successfully, to influence Marcos concerning political change in the Philippines. Accordingly, the demise of Singapore's security leadership role comes at an inopportune time; Vietnam is making a broad push to settle the Cambodian problem on its own terms. Without Singapore's continued activism, some ASEAN countries could be induced to accept a less complete resolution to the problem of Vietnamese occupation of Cambodia.

We doubt that Singapore's economic problems will develop to the degree that it will consume the government and Lee's full attention; however, a subtle refocusing of attention to more immediate economic concerns could provide all the advantage Vietnam requires.

On the positive side, the reduction in economic growth, coming at a time when unrest in the Philippines is threatening our base tenure, could result in Singapore being more receptive to our overtures concerning the repair and overhaul of US Navy ships and increased landing rights for our military aircraft. While increased access to Singapore could not replace the US bases at Clark and Subic, it would partially offset the loss of the Philippine bases or curtailment of our usage. In the near term, increased access to Singapore would provide us with some leverage during base negotiations with Manila.

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